July 10, 2012

Technical Director
Financial Accounting Standards Board
401 Merritt 7
P.O. Box 5116
Norwalk, CT 06856-5116

Re: EITF-12A

Dear Technical Director:

In general, we support the guidance set forth in the Proposed Accounting Standards Update concerning the presentation of sales of donated securities in the statement of cash flows. With respect to the specific questions addressed to respondents, we offer the following comments:

Question 1:
We feel the scope as stated in the exposure draft is appropriate.

Question 2:
We agree that proceeds from the sale of donated securities (a) that are directed for sale upon receipt, and (b) for which the entity may avoid significant risks and rewards through near-immediate conversion to cash should be classified as cash flows from operating activities or financing activities, subject to the nature of any restrictions placed on the contribution by the donor. The University of Notre Dame (the “University”) is a frequent recipient of gifts of securities, primarily common stock, with the donors’ expectations that the securities will be liquidated upon receipt. Generally, there are tax-related incentives for a donor to contribute securities directly to a not-for-profit (“NFP”) entity, rather than to liquidate the securities themselves and donate cash. Our view is that cash flows from the NFP’s sale of such securities represents a step in consummating a contribution from a donor, the economic nature of which is no different from cash flows resulting from outright donations of cash. Therefore, we feel it is appropriate to classify such sales of securities consistent with the classification of donations of cash (i.e., either as operating or financing cash flows, depending upon donor restrictions).

We also agree that sales of other securities not meeting the conditions for recognition as operating or financing cash flows (as stated in the proposed guidance) would be appropriately classified as cash flows from investing activities.
Question 4:
We agree with the proposed prospective application of the guidance, with permitted retrospective application to prior periods presented upon the date of adoption.

Question 5:
Given that practice is currently diverse, some entities are presumably already in conformity with the proposed guidance. Entities for which adoption of the guidance would represent a change in classification of cash flows, including Notre Dame, likely have some means of tracking and quantifying sales of donated securities. We feel that adoption of the proposed guidance would therefore require minimal effort, and could be undertaken within the first reporting period that ends following issuance.

We appreciate your solicitation of feedback and the opportunity to comment on new guidance when it is proposed. We are also happy to address any questions you may have regarding this comment letter.

Sincerely,

The Controller’s Group
University of Notre Dame